

November 17, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Proposed Rule – Revisions to Reg Z – Credit Protection Products
Docket No. R-1390

Dear Ms. Johnson:

I am writing to oppose the changes to the Credit Insurance, Debt Protection, and GAP rules. I believe that the disclosures are misleading and will hurt all parties involved – the industry, financial institutions, and most of all, the borrowers.

I have been consulting and training producers of credit protection products for many years and I've seen how beneficial this program has been to many borrowers. This coverage helps them pay off a loan or make payments in times of need. Credit protection products provide a valuable monetary benefit, as well as peace of mind knowing that the debt will be taken care of if the borrower dies, becomes disabled or unemployed, or, in the case of GAP, the family car is totaled or stolen. This also helps protect borrowers' credit ratings, which is invaluable when it comes to managing their finances. I continually hear testimonials about borrowers who have purchased these products, and that they have been very grateful to have had the protection when they needed it. I have also heard testimonials about many other borrowers who fell on hard times and wished they had purchased the protection to help them pay their loans.

Credit Protection products provide many important benefits and are meant to complement or supplement other protection a consumer might have – not replace it. For example, Credit Protection is "temporary" protection that is only there for as long as they need it. It comes and goes as their loans come and go. There is no way for a member to know about and consider future loans when they are planning their long-term protection needs with an Insurance Agent or Financial Planner. And nobody wants the insurance they purchased for the protection of their family, their home, their retirement, or their children's education to go toward future temporary loan payments or balances. They want it to be there for the things they intended it to protect. Furthermore, I've seen the group rates and group eligibility benefit those borrowers who cannot get affordable coverage elsewhere – diabetics, for example.

These products are also very beneficial for my clients. Having Credit Protection on their loans provides them with extra assurances that the loans will be paid on time. This decreases their charge-offs and loan losses. The products also provide them with a valuable source of non-interest income, which is very difficult to come by these days, and especially in this poor economy. All of this plays a vital role in the safety & soundness of their institution.

Our clients have always been taught to offer credit protection to their borrowers in a responsible manner, designed to follow the law and fully inform their borrowers about the product. I have always supported fair, accurate, and appropriate disclosures for these products.

However, I believe the proposed disclosures are inaccurate and misleading to consumers. The tone of the disclosures is also unduly negative and alarmist. The disclosures tell consumers that these products are bad, and that they shouldn't buy them. You are misrepresenting the function of credit protection products and their value.

I believe the additional disclosures will hurt borrowers, our clients, and the industry. They are misleading and do not further the purpose of TILA. These disclosures will scare consumers away from buying a product that could have great benefit to them.

I ask the Board to withdraw the credit protection proposal or, alternatively, to reconsider more balanced, objective disclosures.

Sincerely,

Sherry Deeds, CLU